

Government of the District of Columbia  
Office of the Chief Financial Officer



**Jeff DeWitt**  
Chief Financial Officer

**MEMORANDUM**

**TO:** The Honorable Phil Mendelson  
Chairman, Council of the District of Columbia

**FROM:** Jeff DeWitt  
Chief Financial Officer

**DATE:** March 20, 2014

**SUBJECT:** Fiscal Impact Statement – “Underinsured Motorist Carrier Fairness Amendment Act of 2014”

**REFERENCE:** Bill 20-365, Committee Print as provided to the Office of Revenue Analysis on March 12, 2014

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**Conclusion**

Funds are sufficient in the FY 2014 through FY 2017 budget and financial plan to implement the legislation.

**Background**

Currently, a motorist injured in an accident (“Claimant”) by an underinsured<sup>1</sup> motorist requires permission from his or her own insurance company<sup>2</sup> to settle a claim with the underinsured’s insurance company. Often the Claimant’s insurance company will not allow settlement, because it eliminates the company’s ability to collect money from the at-fault driver and the at-fault driver’s insurance company. This often delays compensation to the Claimant until the issue is resolved in court, and increases the number of disputes that end up in court.

The bill requires the Claimant’s insurance to temporarily pay the amount of the settlement offer to the Claimant, or to accept the settlement. If they pay the Claimant, they will maintain their right to pursue the at-fault driver and the at-fault driver’s insurance company for reimbursement.

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<sup>1</sup> See D.C. Official Code § 31-2402(32a) “Underinsured” means the liability or damage coverage under the motorist’s insurance is insufficient to pay the loss requested.

<sup>2</sup> Assuming the motorist has a policy with underinsured motorist coverage, as most do.

The Honorable Phil Mendelson

FIS: "Underinsured Motorist Carrier Fairness Amendment Act of 2014," Bill 20-365, Committee Print as provided to the Office of Revenue Analysis on March 12, 2014.

**Financial Plan Impact**

Funds are sufficient in the FY 2014 through FY 2017 budget and financial plan to implement the legislation. The bill will change the way insurance companies are required to handle disputes involving underinsured motorists, but will have no impact on the District's budget or financial plan.